The United Church of Christ Board and Certain Affiliated Entities

Consolidated Financial Report
December 31, 2023

Contents

Independent Auditor's Report

Audit Committee
The United Church of Christ Board and
Certain Affiliated Entities

Opinion
We have audited the consolidated financial statements of the United Church of Christ Board and Certain Affiliated Entities (the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 40 to 41 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 40 to 41 is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

Cleveland, Ohio
October 17, 2024

The United Church of Christ Board and Certain Affiliated Entities

Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 8,531,727	$ 9,406,977
Investments	360,102,393	335,966,763
Receivables:		
Church building loans	46,487,646	41,693,132
Allowance for credit losses	(1,748,909)	(917,145)
Support, net	2,507,384	2,358,376
Property sale, net	3,326,368	3,208,994
Other, net	5,275,798	5,255,983
Inventory, prepaid expenses and other assets	855,028	1,133,977
Right of use assets	8,847,932	9,506,663
Beneficial interest in trusts held by others	15,626,554	14,182,363
Property and equipment, net	6,501,384	7,048,746
Total assets	$ 456,313,305	$ 428,844,829
Liabilities and Net Assets		
Accounts payable	$ 475,593	$ 427,865
Allowance for off-balance-sheet credit exposures	54,442	-
Other accrued liabilities	1,251,036	1,121,835
Accrued pension and other post-retirement benefits	1,360,155	1,447,660
Funds held for others	2,686,170	2,476,446
Loan payable	500,000	-
Lease liabilities	9,413,318	9,838,477
Other liabilities	1,371,366	273,310
Total liabilities	17,112,080	15,585,593
Net assets:		
Without donor restrictions	181,945,457	174,498,503
With donor restrictions	257,255,768	238,760,733
Total net assets	439,201,225	413,259,236
Total liabilities and net assets	$ 456,313,305	$ 428,844,829

See notes to consolidated financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating revenues and support:			
Our Church's Wider Mission:			
Basic support	$ 4,141,856	$ -	$ 4,141,856
Special support	22,157	2,835,281	2,857,438
Gifts, donations and trust income	1,392,388	66,532	1,458,920
Other revenues:			
Publications and other resource sales	796,436	-	796,436
Total return draw	11,284,839	-	11,284,839
Restricted funds draw	1,159,826	105,162	1,264,988
Management fees and other reimbursements	2,045,382	-	2,045,382
Church loan interest	1,865,938	-	1,865,938
Other	212,726	-	212,726
Net assets released from restrictions	5,947,010	(5,947,010)	-
Total operating revenues and support	28,868,558	(2,940,035)	25,928,523
Operating expenses:			
Program services	23,360,795	-	23,360,795
Management and general	7,401,150	-	7,401,150
Fundraising	1,206,080	-	1,206,080
Total operating expenses	31,968,025	-	31,968,025
Decrease from operating activity	(3,099,467)	(2,940,035)	(6,039,502)
Nonoperating revenues (expenses):			
Gifts and donations	272,314	3,895,524	4,167,838
Interest and dividends, net of total return draw and restricted funds draw	(1,907,975)	(4,705,784)	(6,613,759)
Appreciation in value of investments, net	12,168,935	19,416,901	31,585,836
Change in value of beneficial interest of trusts held by others	-	1,444,199	1,444,199
Change in value of split-interest agreements	-	1,384,230	1,384,230
Total nonoperating revenues (expenses)	10,533,274	21,435,070	31,968,344
Increase in net assets before the effect of postretirement cost	7,433,807	18,495,035	25,928,842
Postretirement related changes other than net periodic postretirement cost	13,147	-	13,147
Increase in net assets	7,446,954	18,495,035	25,941,989
Net assets—beginning of year	174,498,503	238,760,733	413,259,236
Net assets—end of year	$ 181,945,457	$ 257,255,768	$ 439,201,225

See notes to consolidated financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating revenues and support:			
Our Church's Wider Mission:			
Basic support	$ 3,837,685	$ -	$ 3,837,685
Special support	21,193	2,724,416	2,745,609
Gifts, donations and trust income	1,689,597	743,924	2,433,521
Other revenues:			
Publications and other resource sales	712,138	-	712,138
Total return draw	9,133,786	-	9,133,786
Restricted funds draw	697,257	69,690	766,947
Management fees and other reimbursements	1,559,304	3,000	1,562,304
Church loan interest	1,726,947	-	1,726,947
Other	2,678,614	-	2,678,614
Net assets released from restrictions	4,885,688	(4,885,688)	-
Total operating revenues and support	26,942,209	(1,344,658)	25,597,551
Operating expenses:			
Program services	18,852,715	-	18,852,715
Management and general	6,944,423	-	6,944,423
Fundraising	940,761	-	940,761
Total operating expenses	26,737,899	-	26,737,899
Increase (decrease) from operating activity	204,310	(1,344,658)	(1,140,348)
Nonoperating revenues (expenses):			
Gifts and donations	880,493	4,933,506	5,813,999
Interest and dividends, net of total return and restricted funds draw	(2,296,096)	(3,517,128)	(5,813,224)
Depreciation in value of investments, net	(20,659,657)	(29,693,906)	(50,353,563)
Change in value of beneficial interest of trusts held by others	-	(2,680,682)	(2,680,682)
Change in value of split-interest agreements	-	(846,689)	(846,689)
Total nonoperating revenues (expenses)	(22,075,260)	(31,804,899)	(53,880,159)
Decrease in net assets before the effect of postretirement cost	(21,870,950)	(33,149,557)	(55,020,507)
Postretirement related changes other than net periodic postretirement cost	330,700	-	330,700
Decrease in net assets	(21,540,250)	(33,149,557)	(54,689,807)
Net assets—beginning of year	196,038,753	271,910,290	467,949,043
Net assets—end of year	$ 174,498,503	$ 238,760,733	$ 413,259,236

See notes to consolidated financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services										
	OGMP	JWM	LCM	CB&LF	WCM	OGHS	Interministry Eliminations	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 210,043	$ 1,398,761	$ 1,463,658	$ 751,552	$ 1,721,968	$ 50,801	$ -	$ 5,596,783	$ 3,208,605	$ 572,207	$ 9,377,595
Benefits and payroll taxes	112,246	534,196	675,486	288,760	627,848	19,671	-	2,258,207	1,594,706	249,880	4,102,793
Retired missionary benefits	-	-	-	-	196,431	-	-	196,431	-	-	196,431
Travel	37,630	113,397	115,863	119,188	156,741	35	-	542,854	132,756	67,029	742,639
Governance	-	-	-	-	-	-	-	-	428,979	-	428,979
Office expenses	327,734	112,015	752,328	1,238,326	201,613	984	-	2,633,000	2,036,104	250,446	4,919,550
Programs	2,100,641	99,309	1,215,653	627,640	815,564	1,418,772	(2,262,609)	4,014,970	-	29,006	4,043,976
Grants	1,335,804	624,046	380,035	-	4,676,934	2,000	-	7,018,819	-	-	7,018,819
Rent	532,622	152,311	40,638	72,115	131,293	-	-	928,979	-	37,512	966,491
Allocation	(6,711,504)	2,169,169	2,269,380	168,263	2,275,444	-	-	170,752	-	-	170,752
	$ (2,054,784)	$ 5,203,204	$ 6,913,041	$ 3,265,844	$ 10,803,836	$ 1,492,263	$ (2,262,609)	$ 23,360,795	$ 7,401,150	$ 1,206,080	$ 31,968,025

See notes to consolidated financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services											
	OGMP	JWM	LCM	CB&LF	WCM	OGHS	700 Prospect	Interministry Eliminations	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 207,650	$ 1,265,002	$ 1,219,476	$ 624,398	$ 1,748,856	$ 89,189	$ 62,119	$ -	$ 5,216,690	$ 2,917,977	$ 425,257	$ 8,559,924
Benefits and payroll taxes	114,363	571,029	656,604	253,188	693,695	11,606	42,533	-	2,343,018	1,510,725	191,602	4,045,345
Retired missionary benefits	-	-	-	-	172,174	-	-	-	172,174	-	-	172,174
Travel	8,897	113,066	53,244	69,269	100,210	-	76	-	344,762	55,922	28,264	428,948
Governance	-	-	-	-	-	-	-	-	-	196,522	-	196,522
Office expenses	119,852	114,312	846,834	363,330	63,068	1,466	539,626	-	2,048,488	2,263,277	259,410	4,571,175
Programs	563,859	206,544	811,547	329,476	1,324,135	1,033,293	-	(2,235,739)	2,033,115	-	15,208	2,048,323
Grants	1,270,903	439,481	960,906	-	3,423,275	-	-	-	6,094,565	-	-	6,094,565
Rent	585,682	169,608	62,040	56,141	55,990	-	-	(458,951)	470,510	-	21,020	491,530
Allocation	(5,366,232)	1,669,660	1,920,666	136,374	1,768,925	-	-	-	129,393	-	-	129,393
	$ (2,495,026)	$ 4,548,702	$ 6,531,317	$ 1,832,176	$ 9,350,328	$ 1,135,554	$ 644,354	$ (2,694,690)	$ 18,852,715	$ 6,944,423	$ 940,761	$ 26,737,899

See notes to consolidated financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 25,941,989	$ (54,689,807)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Net (appreciation) depreciation in value of investments	(31,585,836)	50,353,563
Depreciation	681,947	604,036
Amortization of right of use assets	658,731	490,495
Contributions restricted for long-term investment	-	(3,779)
Provision for credit losses	831,764	-
Provision for losses on OBS credit exposures	54,442	-
Gain on disposal of property and equipment	-	(1,390,536)
Change in value of beneficial interest in trusts held by others	(1,444,191)	2,680,682
Changes in operating assets and liabilities:		
Support receivable, net	(149,008)	633,642
Property sale receivable, net	(117,374)	144,986
Other receivables, net	(19,815)	182,137
Cash paid for operating leases	(425,159)	(158,681)
Inventory, prepaid expenses and other assets	278,949	(227,549)
Accounts payable	47,728	(675,258)
Accrued pension and other postemployment benefits	(87,505)	(352,947)
Other liabilities and funds held for others	1,436,981	(1,581,590)
Net cash used in operating activities	(3,896,357)	(3,990,606)
Cash flows from investing activities:		
Purchase of investments	(34,278,189)	(29,085,419)
Proceeds from sale of investments	41,728,395	25,977,611
Purchase of property and equipment	(134,585)	(2,632,707)
Proceeds from sale of property and equipment	-	4,283,588
Disbursements for church building loans	(6,738,849)	(6,154,440)
Repayments of church building loans	1,944,335	2,491,318
Net cash provided by (used in) investing activities	2,521,107	(5,120,049)
Cash flows from financing activities:		
Payment of loan payable	-	(925,000)
Proceeds from contributions restricted for long-term investment	-	3,779
Proceeds from loan payable	500,000	-
Net cash provided by (used in) financing activities	500,000	(921,221)
Net decrease in cash and cash equivalents	(875,250)	(10,031,876)
Cash and cash equivalents:		
Beginning	9,406,977	19,438,853
Ending	$ 8,531,727	$ 9,406,977
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ -	$ 6,244
Right-of-use asset obtained in exchange for new lease obligations	$ -	$ 9,756,739
Disposal of fixed assets	$ -	$ 356,224

See notes to combined financial statements.

Note 1. Nature of Activities

The United Church of Christ (the UCC or the Organization) is a Protestant denomination formed in 1957 by the Union of the Evangelical and Reformed Church and the General Council of the Congregational Christian Churches of the United States. The UCC is a “just peace” church that embraces all persons in an environment that is multiracial, multicultural, open and affirming and accessible to all who seek the Christian faith.

In 2013, the United Church of Christ restructured the national setting of the Church into its current structure. Several national ministries of the UCC are principally located in Cleveland, Ohio and include four separately incorporated entities, all of which are tax-exempt under Section 501(c)(3) of the Internal Revenue Code through the United Church of Christ’s group ruling. National bodies forming the structure include:

> **United Church of Christ Board (UCCB):** The UCCB is responsible for policies relating to the mission of the UCC in its national setting, to act as the General Synod ad interim and work in cooperation with the General Minister & President and Associate General Ministers to provide coordination and evaluation of the work of the Church. The UCCB sits as the Board of Directors of Justice and Witness Ministries (JWM), Local Church Ministries (LCM) and Wider Church Ministries (WCM). It includes the functions of the Office of General Minister & President (OGMP), which represents the administrative functions of the UCCB.
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> **Justice and Witness Ministries (a Covenanted Ministry of the United Church of Christ) (JWM):** JWM’s mission is to enable and encourage local churches, associations, conferences and national expressions of the UCC to engage in God’s mission at the global, national and local level by direct involvement and action in the promotion of justice, peace and the integrity of creation.
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> **Local Church Ministries (a Covenanted Ministry of the United Church of Christ) (LCM):** LCM’s mission is to encourage and support local churches of the UCC in the fulfillment of God’s mission, to serve as a resource to constituents by providing special knowledge, understanding and guidance with respect to the mandates of LCM and to sustain relationships with other ministry partners.
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> **Wider Church Ministries (a Covenanted Ministry of the United Church of Christ) (WCM):** WCM’s mission is to encourage and support local churches, associations, conferences and national expressions of the UCC to participate in the global mission of the Church; to support UCC ministries and those partner churches around the world; and to plan and conduct common global ministries with the Christian Church (Disciples of Christ).

Each Covenanted Ministry has autonomy and maintains its own funds and accounts but is in covenant with the other ministries.

A Common Services Corporation provides financial, legal, human resources, and other administrative functions for all the entities. The entity is controlled by and consolidated as part of the UCCB.

During 2007, Local Church Ministries Church Building & Loan Fund (CB&LF) became a separate legal entity in order to increase CB&LF’s visibility and identity, preserve its history and enhance its fiduciary responsibility by establishing a separate Board with expertise in banking, real estate and investments. The entity is controlled by and consolidated as part of Local Church Ministries.

Note 1. Nature of Activities (Continued)

Amistad Redevelopment Corporation (ARC) is a wholly controlled subsidiary of CB&LF. The entity is controlled by and consolidated as part of CB&LF. During 2023, CB&LF contributed $1,800,000 of capital to ARC. ARC's focus is to provide financial products and development services to (re)develop underutilized real estate assets into affordable housing, community facilities, or other uses that support community revitalization and meet neighborhood needs in low-income census tracts through the country.

700 Prospect Corporation was a wholly controlled nonprofit corporation of the UCC established to own and operate a building at 700 Prospect Avenue in Cleveland, Ohio, that served as the principal offices and a place of worship for the national setting of the UCC and its affiliated and associated organizations until May 31, 2022. Rent for the building and related equipment was paid by the Organization and other affiliated and associated organizations.

On May 31, 2022, the Organization completed the sale of the land and building related to 700 Prospect Corporation for net cash consideration of $4,283,588. This corporation was subsequently dissolved effective January 31, 2023.

The Pension Boards-United Church of Christ, Inc. (PBUCC), United Church Funds, Inc. (UCF), UCC Cornerstone Fund, Inc. (Cornerstone) and other organizations of the UCC are affiliated or associated organizations that maintain funds and accounts separate from the Covenanted Ministries and their activities are not included in these consolidated financial statements because control and/or economic interest does not exist.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are free of donor imposed restrictions as well as net assets that can be designated for specific purposes by formal action of the Board of Directors of each Covenanted Ministry.

Net assets with donor restrictions include net assets from grants, contributions, investment income or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization.

Also included in net assets with donor restrictions are net assets subject to donor imposed restrictions to be maintained permanently by the Organization, which include gifts and pledges for endowment wherein donors stipulate that the corpus of the gift be held in perpetuity and only the income is utilized. Other permanently restricted items in this net asset category include the Organization's interest in the values of certain perpetual trusts and annuity and life income gifts for which the principal is held in perpetuity and the income may or may not be subject to donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor imposed restrictions. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

Principles of consolidation: The consolidated financial statements include the accounts of the UCCB, the OGMP, JWM, LCM, WCM and 700 Prospect Corporation (collectively referred to as the Organization), as well as Local Church Ministries Church Building & Loan Fund (CB&LF), LCM's wholly controlled entity, and ARC, CB&LF's wholly controlled entity whose activity is included in LCM. All significant interministerial balances and transactions have been eliminated in consolidation.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash at financial institutions which may at times exceed federally insured amounts. At December 31, 2023 and 2022, the Organization's cash accounts exceeded federally insured limits by $7,574,211 and $8,656,977, respectively.

Investments: Investments are carried at cost or fair value as disclosed in Notes 3 and 4. Investment income or loss, including unrealized and realized gains and losses, is reported as a change in the appropriate net asset category according to donor restriction, if any.

A total return draw on investments concept is followed whereby investment income is drawn from endowment investments based on a five-year trailing quarterly average market value at a 4.75% draw rate. The total return draw is recorded in the consolidated statements of activities and changes in net assets under operating revenues and support. The difference between the actual earned income and the total return draw is recorded as interest and dividends net of total return draw under nonoperating revenues and support.

The restricted funds draw includes investment income distributions from permanent endowments and funds restricted to support specific personnel and programmatic activities that align with donor intent. These draws are reported separately from the total return draw, which supports the general operating expenses of the Organization.

Term investment notes: Term investment notes consist of certificates of deposit on deposit with the Cornerstone Fund, an affiliated organization. Due to the short-term nature of these deposits the notes are carried at cost which approximates fair value. Term investment notes are included in investments on the consolidated statements of financial position.

Adoption of new accounting standards: On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326), as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans receivable and debt securities. It also applies to off-balance-sheet (OBS) credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees and other similar instruments).

Note 2. Summary of Significant Accounting Policies (Continued)

The Organization adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and OBS credit exposures. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable U.S. GAAP. This standard did not have a material impact on the Organization's consolidated statements of activities and changes in net assets or consolidated statements of financial position.

On January 1, 2023, the Organization also adopted ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* ASU 2022-02 eliminates the recognition and measurements guidance for ASC 310-40, *Receivables – Troubled Debt Restructurings (TDRs) by Creditors.* Rather than applying the recognition and measurement guidance for TDRs, an entity will apply refinancing and restructuring guidance to determine whether a modification or other form of restructuring results in a new loan or a continuation of an existing loan. This standard did not have a material impact on the Organization's consolidated statements of activities and changes in net assets or consolidated statements of financial position.

Church building loans receivable: Management reports loans receivable at their outstanding unpaid principal balances reduced by an allowance for credit losses. Loans are made to fund the construction, acquisition and expansion of church facilities. The Board of Directors of CB&LF, at its discretion, can place delinquent loans in moratorium (not requiring principal and/or interest payments) or declare delinquent loans to be in good standing and revise the scheduled principal and interest payments. Interest is accrued on the outstanding balance and at December 31, 2023 and 2022, interest accrued totaled $272,557 and $201,436, respectively. The Organization generally continues to accrue interest income on delinquent loans. Accrued interest on delinquent loans is considered collectible and is excluded from the allowance for credit losses.

Allowance for credit losses on church building loans receivable: Management uses the allowance method in accounting for uncollectible receivables. The allowance is an amount that management believes will be adequate to absorb expected losses relating to specifically identified loans, as well as probable credit losses in the balance of the loan portfolio. This risk assessment is utilized to determine the necessary portfolio level allowance amount. The risk assessment has been computed based on management's judgment of current economic conditions, the credit risks of the borrower, as well as a forward looking assessment of collectability. Receivables deemed to be uncollectible are charged against the allowance. Recoveries of previously charged-off amounts are credited to the allowance. Although management believes that it uses the best information available to determine the adequacy of the allowance, future adjustments to the allowance may be necessary and results of operations could be significantly and adversely affected if circumstances differ substantially from the assumptions used in making the determinations. Management established an allowance for credit losses at December 31, 2023 and 2022, of $1,748,909 and $917,145, respectively, and for possible uncollectible receivables based on circumstances that occurred during the year.

When establishing the allowance, management uses loan categories generally based on the nature of the loan. These loan categories and the relevant characteristics are as follows:

> ***Church loans:*** These receivables represent active loans made for either site acquisition or upgrades to existing sites. The payment from borrowers is typically applied to principal and interest unless other arrangements have been negotiated.

Note 2. Summary of Significant Accounting Policies (Continued)

Church construction loans: These receivables represent current construction loans. A promissory note and commitment letter will indicate the maximum loan amount that the Organization has approved relative to the completed value of the project. Funds are taken from the loan through a draw process to pay material suppliers and contractors. The borrower is only charged interest on the amount borrowed during the construction period. The construction loan is reclassified as a church loan once the total amount of approved funds has been disbursed.

As part of the ongoing monitoring of the credit quality of the Organization's loan portfolio, management categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt and comply with various terms of their loan agreements. The Organization considers historical payment experience, temporary loan modifications, current financial information, church membership, the length of time that the senior pastor has been installed in the church and an overall evaluation by management. Generally, all church building loans receive a financial review no less than annually to monitor and adjust, if necessary, the loan's risk profile.

The Organization categorizes loans into the following risk categories based on relevant information about the ability of the borrowers to service their debt:

Excellent, Risk Rating 1: The evaluation process indicates strong loans with no identifiable risks. The loans are meeting their debt service obligation and the likelihood of realizing full repayment is excellent. There have been no temporary or permanent loan modifications to the loans in the past three years.

Good, Risk Rating 2: The evaluation process indicates solid loans with minimal risks. The loans have no indication of deteriorating operational or financial conditions. There is a good possibility of realizing full repayment. Historically, there was at least one loan modification or at least one instance of a late payment made 60 days or more past the original due date.

Satisfactory, Risk Rating 3: The evaluation process indicates identifiable risks. The loans may be underperforming compared to projections or standard expectations. The loans will likely experience occasional minor issues during the compliance period that should be monitored, but overall presents little risk of loss. There was at least one loan modification or at least one instance of a late payment made 60 days or more past the original due date.

Watch, Risk Rating 4: The evaluation process indicates additional identifiable risks. The loans may be underperforming compared to projections or standard expectations. The loans will likely experience occasional minor issues during the compliance period that should be monitored by management regularly. There is potential for risk of loss. There was at least one loan modification or at least one instance of a late payment made 60 days or more past the original due date.

Marginal, Risk Rating 5: The evaluation process indicates significant identifiable risks. The loans exhibit signs of weakness in operating and financial condition. The loans may continually perform poorly, requiring significant oversight. The risk of loss is likely. There was at least one loan modification or at least one instance of a late payment made 60 days or more past the original due date.

Note 2. Summary of Significant Accounting Policies (Continued)

Nonperforming, Risk Rating 6: Repayment of the loans has ceased or the property has been abandoned. Risk of loss is high. Foreclosure, abandonment, taking the deed in lieu of foreclosure, bankruptcy or other legal actions are underway.

Allowance for credit losses on off balance sheet (OBS) credit exposures: The Organization estimates expected credit losses over the contractual period in which the Organization is exposed to credit risk via an obligation to extend credit, unless that obligation is unconditionally cancelable by the Organization. The allowance for OBS credit exposures is adjusted through the provision for credit losses. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over the estimated life. The allowance for OBS credit exposures is estimated on an individual loan basis under the current expected credit loss model using the same methodologies as receivables, taking into consideration the likelihood that funding will occur. The allowance for OBS credit exposures is included in liabilities on the Organization’s consolidated statements of financial position. The Organization defines OBS credit exposure as loans that have closed but are not fully funded and loans that are approved by the Board of Directors and have not closed and are described in Note 5 and Note 16.

Modifications to borrowers experiencing financial difficulty: The Organization may modify certain loans when a borrower is experiencing financial difficulties and the Organization grants concessions to the borrower that it would not otherwise consider. These concessions may include rate reductions, principal forgiveness, extension of the maturity date and other actions intended to minimize potential losses. A loan that is modified at a market rate of interest may no longer be classified as a modification to a borrower experiencing financial difficulty in the year subsequent to the modification of the loan if the loan is in compliance with the modified terms. Performance prior to the modification is considered when assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of the modification or after a shorter performance period.

Interest and fees on loans: Interest on loans is recognized over the term of each loan and is calculated using the effective interest method. The Organization determines a loan to be delinquent when payments have not been made according to contractual terms. Interest accrued in the current year and which is deemed uncollectible is reversed against interest income in the current year. Interest accrued in prior years which is deemed uncollectible is charged against the allowance. The Organization charges nominal origination fees and management has recorded these fees as earned in the year of origination. The deferral of these fees would be immaterial to the consolidated financial statements.

Pre-1985 grants and LRC loans: In prior years, the Organization made grants referred to as Pre-1985 grants and LRC loans for which repayment is required only if the grantee leaves the UCC. Therefore, no asset is currently recorded on the consolidated statements of financial position. The grant purposes are noted below:

> ***Pre-1985 grants:*** These assets had originally been recognized as expenses of the predecessor bodies to LCM (The Congregational Church Building Society, the Building Fund of the Board of National Missions) and legal documents filed with the stipulation that the grants were to be repaid if the church was ever to leave the UCC and/or close. Management has determined that there is no value to be recorded on the books.

Note 2. Summary of Significant Accounting Policies (Continued)

LRC loans: These assets result from actions taken on nonperforming loans whereby the Organization, based on a vote taken, required that a grant mortgage be created with the stipulation that if the church was ever to leave the UCC and/or close, the funds were to be paid in full, otherwise these grants are maintained in perpetuity. Since the ultimate collection of these grants cannot be determined, management has determined that there is no value to be recorded on the books.

The Organization has received periodic payments on these grants and loans and includes those payments as revenue in the year of receipt.

Allowance for credit losses on other receivables: The Organization determines its allowance for credit losses for other receivables based on specific identification of uncollectible accounts, forward looking viability, and its historical collection experience. At December 31, 2023 and 2022, management has recorded an allowance of $1,550,144 and $1,550,452, respectively.

Property sale receivable, net: The receivable is the present value of amounts due to the Organization from the sale of properties located in Japan by a WCM affiliate.

Inventory, prepaid expenses and other assets: Inventory is valued at the lower of cost, generally on a first-in, first-out (FIFO) basis, or net realizable value. Prepaid expenses and other assets are recorded at their unamortized cost.

Property held: Real property, received in satisfaction of church building loans receivable and where the Organization is actively marketing the sale of the property, is recorded at fair value at the time of transfer. There was no property received in satisfaction of church building loans received during the years ended December 31, 2023 and 2022, respectively.

Beneficial interest in trusts held by others: The Organization is the beneficiary of an income stream from funds held by others. These resources are not in the Organization's possession, nor under its control. These funds are irrevocable and are held and administered by outside trustees. The beneficial interest of funds held by others are reported at fair value and total $15,626,554 and $14,182,363 at December 31, 2023 and 2022, respectively. The Organization's beneficial interest in funds held and administered by others generated $640,766 and $742,441 of cash sent to the Organization for the years ended December 31, 2023 and 2022, respectively. These amounts are included in gifts, donations, and trust income on the consolidated statements of activities and changes in net assets. In addition, the Organization serves as a custodian of funds for others.

Note 2. Summary of Significant Accounting Policies (Continued)

Leases: The Organization determines whether an arrangement contains a lease at the inception of the arrangement by assessing whether there is an identified asset and whether the arrangement conveys the right to control the use of the identified asset in exchange for consideration for a period of time. Leases are classified as either operating or financing. Leases with an initial term of 12 months or less, that do not have an option to purchase the underlying asset that is deemed reasonably certain to be exercised, are not recorded on the statements of financial position; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if the lease is a month-to-month lease. Right of use assets represent the Organization's right to use an underlying asset during the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right of use assets and lease liabilities are recognized at the commencement date based on the then net present value of fixed lease payments over the lease term and the right of use asset is adjusted for any lease incentives received. Certain variable lease payments are determined based on changes in facts and circumstances occurring after the commencement date, other than the passage of time. The Organization's lease term may include options to extend or terminate the lease. Such extended terms are considered in the determination of right of use assets and lease liabilities when it is reasonably certain the options will be exercised.

When readily determinable, the Organization uses the interest rate implicit in the lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the risk-free discount rate is utilized. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Property and equipment: The Organization capitalizes expenditures for property, equipment, furniture and fixtures and leasehold improvements. Depreciation is calculated using a straight-line method over the estimated useful life of the asset, ranging from three to 40 years. Maintenance, repairs and minor expenditures for equipment are charged to expense as incurred. Major expenditures are capitalized and depreciated over their estimated useful lives. Leasehold improvements are amortized over the shorter of the useful life or remaining life of the lease.

Costs incurred related to the development of buildings and building improvements have been capitalized and are included with property and equipment in the accompanying consolidated statements of financial position.

Valuation of long-lived assets: Financial Accounting Standards Board (FASB) guidance requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. Management determined that the carrying values of long-lived assets at both December 31, 2023 and 2022, were not impaired.

Funds held for others: Included in investments is $2,674,008 and $2,476,446 as of December 31, 2023 and 2022, respectively, of funds held by the Organization as custodian for affiliated entities. Income and losses attributable to these funds are not included in the accompanying consolidated statements of activities and changes in net assets but are recorded as adjustments to the liability reported in the consolidated statements of financial position.

Note 2. Summary of Significant Accounting Policies (Continued)

Other liabilities: Other liabilities are composed of deferred revenue and amounts segregated for conditional gifts and UCF planned giving. Included within other liabilities is $1,250,000 of proceeds of conditional grants that were awarded to the Organization during the year ended December 31, 2023. The Organization will record gifts and donations as income when the grant conditions are fulfilled.

The following is a summary of the deferred balances during 2023 and 2022:

	2023
Beginning balance	$ 250,099
Additions	1,303,054
Recognized	(202,499)
Ending balance	$ 1,350,654

	2022
Beginning balance	$ 109,717
Additions	178,649
Recognized	(38,267)
Ending balance	$ 250,099

Revenue recognition: Support for Our Church's Wider Mission (OCWM) is recorded in the period contributed. Support receivable is recorded for actual contributions made through UCC churches during the period, which subsequently are forwarded by the conferences to the Organization.

Other revenues are recognized when the related good or service is provided and include income from publications, subscriptions, management fees, administrative services and meeting registrations.

Gifts and donations: Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises are recorded when the donor stipulations are substantially met. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. The UCC classifies gifts as operating if they are included in the annual budget. Non-operating gifts include unanticipated and special fundraising initiatives.

General Synod revenues and expenses: The biennial General Synod meeting, which occurred in 2023, is funded primarily with OCWM National Basic Support receipts budgeted over a two-year period. In addition, attendees pay a registration fee. Income from the General Synod is included in other revenue and related expenses are included in program expenses in the consolidated statements of activities and changes in net assets.

Note 2. Summary of Significant Accounting Policies (Continued)

Functional expenses: Each ministry operates as a specific program (as disclosed in Note 1) and One Great Hour of Sharing (OGHS) is the Lenten offering of the United Church of Christ that supports disaster, refugee, and development activities. The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated to program services, management and general, and fundraising as determined by the management of the Organization. Expenses that can be directly identified with a program are allocated according to their natural classification. Salaries, benefits, payroll taxes, travel and office expenses that are not directly attributable to one function are allocated based on an estimate of time and effort. Travel and office expenses are allocated based on time and effort of employees. All governance expenses are management and general.

Income taxes: The Covenanted Ministries of the United Church of Christ and Certain Affiliated Entities are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

The Organization applied the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization, the continued tax-exempt status of bonds issued by the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes and accounting in interim periods. At December 31, 2023 and 2022, there were no unrecognized tax benefits identified or recorded as liabilities.

The covenanted ministries are exempt from filing tax returns, due to its status as a church; however, 700 Prospect Corporation files a Federal Form 990 in the U.S. federal jurisdiction and the state of Ohio.

Reclassifications: Certain reclassifications have been made to the December 31, 2022, balances to conform with the December 31, 2023, presentation.

Subsequent events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 17, 2024, the date the consolidated financial statements were available to be issued.

Note 3. Investments

Investments at December 31 are as follows:

	2023				
	OGMP	JWM	LCM	WCM	Total
UCF UCC Endowment Fund	$ -	$ -	$ 119,035,799	$ 144,116,973	$ 263,152,772
UCF Moderate Balanced Fund	5,021,782	1,284,552	12,329,616	551,075	19,187,025
UCF Beyond Fossil Fuels Fund	16,110,506	25,110,304	2,747,968	-	43,968,778
Term investment notes	5,831,819	667,024	17,549,984	2,168,922	26,217,749
Treasury securities	-	-	3,000,001	-	3,000,001
Money market funds	874,082	-	359,045	617,343	1,850,470
Other	-	-	2,410,056	315,542	2,725,598
Total investments	$ 27,838,189	$ 27,061,880	$ 157,432,469	$ 147,769,855	$ 360,102,393

	2022				
	OGMP	JWM	LCM	WCM	Total
UCF UCC Endowment Fund	$ -	$ -	$ 112,918,034	$ 135,503,080	$ 248,421,114
UCF Moderate Balanced Fund	4,658,232	997,478	15,830,698	491,779	21,978,187
UCF Beyond Fossil Fuels Fund	14,396,234	22,583,596	5,980,589	-	42,960,419
Term investment notes	381,829	599,507	15,824,872	1,948,397	18,754,605
Money market funds	1,178,852	-	352,495	609,780	2,141,127
Other	-	-	1,401,315	309,996	1,711,311
Total investments	$ 20,615,147	$ 24,180,581	$ 152,308,003	$ 138,863,032	$ 335,966,763

The UCF is an associated ministry of the UCC. The UCF Funds consist of approximately the following percentages of each type of security:

	Fixed-Income Securities	Equity Securities	Alternatives Fund
UCF Moderate Balanced Fund	30-50%	40-60%	-
UCF Alternatives Balanced Fund	20-40%	40-60%	10-30%
UCF Beyond Fossil Fuels Fund	30-50%	50-70%	-
UCF UCC Endowment Fund	20-40%	40-60%	10-30%

Investments with UCF are held as units of ownership participation. The value of these units, based on quoted market prices, is recorded at the amounts reported by UCF. The Organization has term investment notes/savings accounts that are on deposit at Cornerstone.

Note 3. Investments (Continued)

An analysis of investment activity is as follows for the years ended December 31:

	2023	2022
Total return draw	$ 11,284,839	$ 9,133,786
Restricted funds draw	1,264,988	-
Interest and dividends, net of draws	(6,613,759)	(5,813,224)
Investment fees	(3,062,711)	(2,854,899)
Appreciation (depreciation) in the value of investments	34,648,547	(47,498,664)
Total	$ 37,521,904	$ (47,033,001)
Realized gains on sale of investments, net	$ 3,782,698	$ 5,507,701
Unrealized gain (loss) on investments, net	29,068,126	(55,861,264)
Interest and dividends	4,671,080	3,320,562
Total	$ 37,521,904	$ (47,033,001)

The Organization's investments are impacted significantly by the volatility of the financial markets and other economic events. This impact can result in gains and losses throughout the year.

Investment management fees of $3,062,711 and $2,854,899 were paid to a related party to manage an investment portfolio with a fair market value of $322,512,681 and $301,911,024 during 2023 and 2022, respectively.

Note 4. Fair Value Measurements

The Organization adopted ASC 820, Fair Value Measurements and Disclosures, which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

For assets and liabilities that are measured using quoted prices in active markets (Level 1), total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs, discounts or blockage factors. Assets and liabilities that are measured using significant other observable inputs are valued by reference to similar assets or liabilities (Level 2), adjusted for contract restrictions and other terms specific to that asset or liability. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets or liabilities in active markets. For all remaining assets and liabilities, fair value is derived using other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques (Level 3) and not based on market exchange, dealer, or broker traded transactions. These valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended December 31, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair value of investments, other than the pooled funds held at the UCF, is based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, due to the limited market activity of the instrument, fair value is based on net asset values reported by the underlying investment funds using unobservable inputs. Term investment notes are measured at amortized cost and money market funds are carried at cost.

Note 4. Fair Value Measurements (Continued)

Investments—UCF: The UCF UCC Endowment Fund, UCF Moderate Balanced Fund, and UCF Beyond Fossil Fuels Fund are pooled investments funds managed by UCF. UCF provided the fair value of the Organization's interest in their pooled funds. The Organization's investments' fair value is determined by unit value as determined by UCF multiplied by the number of units held by the Organization.

> ***UCF UCC Endowment Fund:*** The UCC Endowment Fund has yet to develop its own asset allocation policy and the current investment policy and composition reflects the UCF Alternatives Balanced Fund. The Alternatives Balanced Fund has target allocations of 40-60% total equity, 20-40% fixed income, and 10-30% alternatives. Actual allocations will vary from time to time and the variances could be material. UCF's unit values in alternative investments are determined by net asset values reported by the underlying investment funds using unobservable inputs.
>
> ***UCF Moderate Balanced Fund:*** Pursuing a middle-of-the-road approach that emphasizes stocks for higher capital appreciation potential, while maintaining a significant fixed-income component to temper market volatility. UCF's target allocation for the Moderate Balanced Fund portfolio is: 60% equity and 40% fixed-income. UCF's unit value of marketable equity and fixed income securities are determined by quoted market prices.
>
> ***UCF Beyond Fossil Fuels Fund:*** A broadly diversified enhanced index portfolio invested in common stock of global corporations; the Beyond Fossil Fuels avoids investments in exploration and production companies in the oil and gas industries, and thermal coal companies. UCF's unit value of marketable equity and fixed income securities are determined by quoted market prices.

Beneficial interest in trusts held by others: The fair value of the beneficial interest in perpetual trusts represents the Organization's proportionate interest in the value of the trusts. The trusts are primarily invested in common and collective trust funds.

Split interest agreements: The Organization is a beneficiary of certain split interest agreements that are managed by Weston, Patrick, Willard and Redding, P.A. who provided the fair value of the UCC's interest in its split interest agreements. Fair value is based on net asset values reported by the underlying investment fund using unobservable inputs.

Funds held for others: The funds held for others are pooled funds held by UCF. The UCF provides the fair value of the Organization's interest in the pooled funds. The underlying assets in the pooled fund consist of securities, whose fair value is based on reported market prices.

Note 4. Fair Value Measurements (Continued)

Fair value on a recurring basis: The tables below present the balances of assets and liabilities measured at fair value on a recurring basis as of December 31:

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments—UCF:				
UCF UCC Endowment Fund	$ -	$ 263,152,772	$ -	$ 263,152,772
UCF Moderate Balanced Fund	-	19,187,025	-	19,187,025
UCF Beyond Fossil Fuels Fund	-	43,968,778	-	43,968,778
Treasury securities	-	3,000,001	-	3,000,001
	-	329,308,576	-	329,308,576
Term investment notes, money market funds and other				30,793,817
Total investments				$ 360,102,393
Other assets:				
Beneficial interest in trusts held by others	$ -	$ -	$ 15,626,554	$ 15,626,554
Split-interest agreements*	$ -	$ -	$ 1,647,877	$ 1,647,877
Make a Difference! contributions receivable	$ -	$ -	$ 228,213	$ 228,213
Financial liability:				
Funds held for others	$ -	$ 2,686,170	$ -	$ 2,686,170

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments—UCF:				
UCF UCC Endowment Fund	$ -	$ 248,421,114	$ -	$ 248,421,114
UCF Moderate Balanced Fund	-	21,978,187	-	21,978,187
UCF Beyond Fossil Fuels Fund	-	42,960,419	-	42,960,419
	-	313,359,720	-	313,359,720
Term investment notes, money market funds and other				22,607,043
Total investments				$ 335,966,763
Other assets:				
Beneficial interest in trusts held by others	$ -	$ -	$ 14,182,363	$ 14,182,363
Split-interest agreements*	$ -	$ -	$ 1,617,077	$ 1,617,077
Make a Difference! contributions receivable	$ -	$ -	$ 227,213	$ 227,213
Financial liability:				
Funds held for others	$ -	$ 2,476,446	$ -	$ 2,476,446

*The value of the split-interest agreements includes the split-interest agreements included in Note 9 and the Make a Difference! Split-interest agreements included in Note 7.

There were no purchases of Level 3 assets during the years ended December 31, 2023 and 2022.

Note 4. Fair Value Measurements (Continued)

Fair value on a nonrecurring basis: The Organization may be required, from time to time, to measure certain other financial assets at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. These assets typically consist of impaired loans and property and equipment whose fair value is determined based on unobservable inputs and in inactive markets and accordingly deemed level 3 measurements. There were impaired loans with a carrying value of $842,472 at both December 31, 2023 and 2022. There was no property and equipment impaired at December 31, 2023 and 2022.

Note 5. Church Building Loans Receivable

Church building loans receivable consist of the following as of December 31:

	2023	2022
Church building loans receivable for:		
Commercial real estate:		
Church loans	$ 46,036,205	$ 40,400,847
Church construction loans	451,441	1,292,285
	46,487,646	41,693,132
Allowance for credit losses	(1,748,909)	(917,145)
Total	$ 44,738,737	$ 40,775,987

Church building loans receivable and accrued interest classified by loan category consist of the following as of December 31:

	2023			2022		
	Principal	Interest	Total	Principal	Interest	Total
Church loans	$ 46,036,205	$ 269,103	$ 46,305,308	$ 40,400,847	$ 197,979	$ 40,598,826
Church construction loans	451,441	3,454	454,895	1,292,285	3,457	1,295,742
Total church building loans receivable and accrued interest	$ 46,487,646	$ 272,557	$ 46,760,203	$ 41,693,132	$ 201,436	$ 41,894,568

Principal payments scheduled to be received for the years ended December 31 are as follows:

2024	$ 1,085,247
2025	1,331,671
2026	1,744,261
2027	9,194,173
2028	1,089,235
Thereafter	32,043,059
	$ 46,487,646

Note 5. Church Building Loans Receivable (Continued)

The following tables present the contractual aging of the church building loans receivable portfolio as of December 31:

2023	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
Church loans	$ 40,833,307	$ 4,360,426	$ -	$ 842,472	$ 46,036,205
Church construction loans	451,441	-	-	-	451,441
	$ 41,284,748	$ 4,360,426	$ -	$ 842,472	$ 46,487,646

2022	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
Church loans	$ 38,795,096	$ -	$ 1,494,139	$ 111,612	$ 40,400,847
Church construction loans	1,292,285	-	-	-	1,292,285
	$ 40,087,381	$ -	$ 1,494,139	$ 111,612	$ 41,693,132

The following tables present the risk category of loans evaluated by internal loan receivable portfolio classification based on the most recent analysis performed and the contractual aging as of December 31:

2023	Excellent	Good	Satisfactory	Watch	Marginal	Nonperforming	Total
Church loans	$ 34,794,731	$ 4,332,338	$ 5,059,308	$ 1,007,356	$ -	$ 842,472	$ 46,036,205
Church construction loans	451,441	-	-	-	-	-	451,441
	$ 35,246,172	$ 4,332,338	$ 5,059,308	$ 1,007,356	$ -	$ 842,472	$ 46,487,646

2022	Excellent	Good	Satisfactory	Watch	Marginal	Nonperforming	Total
Church loans	$ 33,156,873	$ 1,637,790	$ 3,890,059	$ 873,653	$ -	$ 842,472	$ 40,400,847
Church construction loans	1,292,285	-	-	-	-	-	1,292,285
	$ 34,449,158	$ 1,637,790	$ 3,890,059	$ 873,653	$ -	$ 842,472	$ 41,693,132

The Organization categorizes loans into six risk categories based on relevant information about the ability of the borrowers to service their debt. The two main factors in considering risk are temporary loan modifications made to reduce interest or principal payments and late payments. A loan may be moved from the excellent category to one of the other five categories based on these two factors. Once a loan is out of the excellent category it is further evaluated using additional criteria to assess the church's ability to repay the loan.

Church building loans receivable considered as nonperforming are loans that exhibit signs of significant weakness in operating and financial condition compared to other similar investments requiring constant oversight. The risk of loss is high. Foreclosure, abandonment, taking the deed in lieu of foreclosure, bankruptcy or other legal actions are underway.

Note 5. Church Building Loans Receivable (Continued)

At December 31, 2023 and 2022, all church building loans are collateralized by a mortgage or deed of trust, including $15,394,268 and $14,185,960, respectively, collateralized by second mortgages on church buildings. Interest rates on outstanding loans range from 0.0% to 5.5%.

There is a risk in any loan agreement that the borrower will not repay the funds loaned. Because of this risk, lending institutions usually charge a higher interest rate to compensate for loss due to default. In the secular world, the interest rate rises as the risk increases. The Organization is designed primarily to offer loans to new church start-ups. These loans generally are considered high risk due to the many challenges associated with starting a new church. To help overcome some of these obstacles, the interest rates charged are significantly lower than rates that would be required by an independent lending institution. Because of this difference in interest charges, these church loans, if sold to an independent lending institution, would not be valued at the Organization's book value by that institution. Therefore, an outside institution would require a discount if it were to purchase the existing loans.

Accounting principles generally accepted in the United States of America require the disclosure of the fair value of financial instruments. Based on the lower interest rates, payment schedules, higher risk and a limited market for church loans, management of the Organization estimates the fair value at December 31, 2023 and 2022, to be $42,725,465 and $37,612,185, respectively, if it is forced to sell the loans in a secondary market. It is management's belief that the properties and buildings that collateralize these loans, in the aggregate, have a fair value greater than the aggregate fair value of the loans.

As of December 31, 2023 and 2022, commitments for future church loans of $4,454,998 and $517,025, respectively, have been approved by the Board of Directors of CB&LF.

Note 6. Allowance for Credit Losses on Church Building Loans Receivables

The following tables provide detail of the activity in the allowance for credit losses, by portfolio segment, for the years ended December 31:

	2023		
	Church Loans	Church Construction Loans	Total
Allowance for credit losses:			
Beginning balance	$ 917,145	$ -	$ 917,145
Provision for credit losses	826,773	4,991	831,764
Ending balance	$ 1,743,918	$ 4,991	$ 1,748,909

	2022		
	Church Loans	Church Construction Loans	Total
Allowance for credit losses:			
Beginning balance	$ 917,145	$ -	$ 917,145
Provision for credit losses	-	-	-
Ending balance	$ 917,145	$ -	$ 917,145
Period-ended amount allocated to:			
Individually evaluated for impairment	$ 842,472	$ -	$ 842,472
Collectively evaluated for impairment	74,673	-	74,673
	$ 917,145	$ -	$ 917,145
Loans:			
Individually evaluated for impairment	$ 842,472	$ -	$ 842,472
Collectively evaluated for impairment	39,558,375	1,292,285	40,850,660
	$ 40,400,847	$ 1,292,285	$ 41,693,132

The following table presents additional detail of impaired loans, segregated by loan category, as of December 31, 2022. The unpaid principal balance represents the recorded balance prior to any partial charge-offs. The recorded investment represents customer balances net of any partial charge-offs recognized on the loans. The interest income recognized column represents all interest income reported on either cash or accrued basis after the loan became impaired. The cash basis column represents only the interest income recognized on a cash basis after the loan was classified as impaired:

	2022					
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Loss Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis-Interest Income Recognized
With no related allowance recorded:						
Church loans	$ -	$ -	$ -	$ -	$ -	$ -
Church construction loans	-	-	-	-	-	-
With an allowance recorded:						
Church loans	842,472	842,472	842,472	842,472	46,593	-
Church construction loans	-	-	-	-	-	-
	$ 842,472	$ 842,472	$ 842,472	$ 842,472	$ 46,593	$ -

Note 7. Support Receivable, Net

Support receivable due from UCC conferences at December 31 is as follows:

	2023	2022
Our Church's Wider Mission:		
National Basic Support	$ 1,261,584	$ 1,035,996
Neighbors in Need	468,674	455,003
Strengthen the Church	115,909	85,723
One Great Hour of Sharing	357,767	501,830
Directed gifts	75,237	52,611
Total Our Church's Wider Mission support receivable	2,279,171	2,131,163
Make a Difference! capital campaign, split-interest agreements receivable, net	228,213	227,213
Total	$ 2,507,384	$ 2,358,376

Make a Difference! capital campaign contributions receivable consist of the following at December 31:

	2023	2022
Due after five years	$ 426,573	$ 435,573
Net present value adjustment (3.88% in 2023 and 3.88% in 2022)	(198,360)	(208,360)
Make a Difference! contributions receivable, net	$ 228,213	$ 227,213

Support receivables from Our Church's Wider Mission have been deemed fully collectible by management and it is expected these receivables will be collected within one year. Make a Difference! contributions consist of annuities and charitable remainder trusts and are deemed to be fully collectible by management and are due in greater than one year.

Note 8. Property Sale Receivable, Net

The receivable is the present value of amounts due to the Organization from the sale of properties located in Japan by a WCM affiliate, as follows:

	2023	2022
Gross receivable	$ 6,334,136	$ 5,833,330
Net present value adjustment	(3,007,768)	(2,624,336)
Net receivable at present value	$ 3,326,368	$ 3,208,994

The receivable is expected to be collected over the next 25 years at approximately $250,000 per year. A discount rate of 6.28% is used in the present value calculation. The receivable is being reduced by the reimbursement of expenses WCM incurs in Japan for support of missionaries and program grants.

Note 9. Other Receivables, Net

Other receivables at December 31 consist of the following:

	2023				
	OGMP	JWM	LCM	WCM	Total
Split-interest agreements	$ 263,945	$ 12,834	$ 233,151	$ 909,734	$ 1,419,664
Other receivables	354,734	19,339	746,857	570,159	1,691,089
Trade	8,988	-	62,880	-	71,868
Affiliated organizations	214,474	-	-	1,564,326	1,778,800
Accrued interest	5,098	1,911	301,154	6,214	314,377
Total	$ 847,239	$ 34,084	$ 1,344,042	$ 3,050,433	$ 5,275,798

	2022				
	OGMP	JWM	LCM	WCM	Total
Split-interest agreements	$ 231,642	$ 17,178	$ 272,231	$ 869,007	$ 1,390,058
Other receivables	953,462	19	710,587	194,558	3,422,952
Trade	28,725	-	56,100	-	84,825
Affiliated organizations	156,712	-	-	1,564,326	156,712
Accrued interest	-	-	201,436	-	201,436
Total	$ 1,370,541	$ 17,197	$ 1,240,354	$ 2,627,891	$ 5,255,983

At December 31, 2023 and 2022, the amount of receivables expected to be collected within one year is $3,154,980 and $2,116,369, respectively, while the remainder for both years is expected to be collected thereafter.

Split interest agreements consist of gift annuities and charitable remainder trusts where a third party is the trustee. The agreements are valued at the present value of the future benefits to be received calculated by considering life expectancy and a discount rate of 3.88% in 2023 and 3.88% in 2022.

Note 10. Property and Equipment, Net

Property and equipment, net at December 31, consists of:

	2023	2022
Land and building leased to others under operating leases	$ 5,087,151	$ 5,087,151
Office furniture, equipment and computers	4,476,135	4,341,550
Total property and equipment	9,563,286	9,428,701
Accumulated depreciation	(3,061,902)	(2,379,955)
Property and equipment, net	$ 6,501,384	$ 7,048,746

Depreciation expense for the years ended December 31, 2023 and 2022, totaled $681,947 and $604,036, respectively.

Note 11. Line of Credit

The Organization maintained a demand line of credit with a bank with maximum borrowings of $5,000,000 at December 31, 2022. The line of credit provided for interest calculated at one-, two-, or three-month LIBOR plus 275 basis points, based on the applicable term of the draw. The line of credit is reviewed annually and is collateralized by guarantees from the United Church of Christ Board. Balances outstanding on the line of credit for the year December 31, 2022, was $0. Interest expense for 2023 and 2022 amounted to $0. The line of credit was closed during 2023.

Note 12. Loan Payable

In December 2023, the Organization signed an unsecured credit agreement with a third party for $500,000, the funds of which were to be used solely to support the renovation of classroom space of the church campus of Resurrected Life Community Church in Allentown, Pennsylvania. The loan requires principal and interest payments of $4,843 per month, commencing February 1, 2026 through the maturity of December 31, 2032, at an interest rate of 1%. At December 31, 2023, the balance outstanding was $500,000. At December 31, 2023, none of the funds have been advanced yet to support the renovation.

Future payment requirements under this obligation at December 31, 2023 are as follows:

2024	$ -
2025	-
2026	48,893
2027	53,851
2028	54,392
Thereafter	342,864
	$ 500,000

Note 13. Accrued Pension and Other Post-Retirement Benefits

Defined contribution plan: Substantially all Organization employees are covered by a defined contribution retirement 403(b) pension plan administered by The Pension Boards - United Church of Christ, an Affiliated Ministry of the UCC. The plan is noncontributory, except for minor voluntary contributions made by certain employees. Employer contributions to the plan are 14% of employees' base annual salary. Upon attaining retirement eligibility, employees may select from several annuity options available for benefits. Retirement contribution expense was $1,122,511 and $1,091,923 for the years ended December 31, 2023 and 2022, respectively. The Organization's policy is to fund retirement plan expense as incurred. There were no unfunded liabilities under the plan at December 31, 2023 and 2022.

WCM post-retirement plan: WCM maintains a non-contributory medical plan for overseas personnel who retire with a minimum of 20 years of service. The Organization does not anticipate additional employees meeting the service requirements in the future. For qualified retirees, WCM pays medical expenses during retirement after Medicare deductibles are satisfied. Benefits equal 80% of medical expenses for retirees with 20 to 24 years of service and 100% of medical expenses for retirees with 25 years or more of service.

The amounts reflected in the table below referenced as "Amounts not yet recognized in the net postretirement periodic benefit cost" represent prior service costs and actuarial losses that are being reclassified into the net periodic pension cost and will reduce the future periodic benefit costs of WCM.

Note 13. Accrued Pension and Other Post-Retirement Benefits (Continued)

Benefits paid by the Organization were $210,613 and $185,698 for 2023 and 2022, respectively. The following summarizes the unfunded status of the plan at December 31:

	2023	2022
Accumulated postretirement benefit obligation	$ (1,360,155)	$ (1,447,660)
Plan assets	-	-
Unfunded status at December 31	(1,360,155)	(1,447,660)
Total accrued postretirement cost accrued in the consolidated statements of financial position	$ (1,360,155)	$ (1,447,660)
Amounts not yet recognized in the net post retirement periodic benefit cost:		
Unrecognized net loss	$ 616,034	$ 629,181
Components of net periodic pension cost:		
Interest cost	$ 59,241	$ 37,674
Amortization of net loss	77,014	125,777
Net periodic postretirement cost	$ 136,255	$ 163,451
Net gain and net transition obligation recognized in the consolidated statements of activities and changes in net assets:		
Net loss (gain) arising during current period	$ 63,867	$ (204,923)
Amounts reclassified as components of net periodic benefit cost:		
Amortization of net gain	(77,014)	(125,777)
	$ (13,147)	$ (330,700)
Estimated amounts to be recognized in the next fiscal year:		
Amortization of net loss	$ 78,306	$ 151,470

The weighted-average assumptions as of December 31, 2023, are as follows:

Discount rate	4.5% in 2023 and 4.75% in 2022
Health care cost trend rate	5.00% remaining at 5.00% in 2023

A 1% increase in the health care cost trend rate assumption would increase the liability by $61,972 on the amounts reported. A 1% decrease in the health care cost trend rate assumption would decrease the liability by $57,337 on the amounts reported.

Note 13. Accrued Pension and Other Post-Retirement Benefits (Continued)

Contributions are made only to pay benefits. As such, the expected contributions to the plan are equal to the expected future benefit payments. The benefits expected to be paid over each of the next five years and in the aggregate five years thereafter are as follows:

	Expected Benefit Payment
Years ending December 31:	
2024	$ 226,382
2025	202,805
2026	180,469
2027	159,670
2028	140,500
2029-2033	473,824

Note 14. Other Accrued Liabilities

Other accrued liabilities consist of the following as of December 31:

	2023				
	OGMP	JWM	LCM	WCM	Total
Other accrued expenses	$ 490,369	$ 53,160	$ 473,480	$ 57,180	$ 1,074,189
MAD! conference payable	153,566	-	-	-	153,566
Overseas field offices	-	-	-	-	-
Royalties	-	-	23,281	-	23,281
Total other accrued liabilities	$ 643,935	$ 53,160	$ 496,761	$ 57,180	$ 1,251,036

	2022				
	OGMP	JWM	LCM	WCM	Total
Other accrued expenses	$ 390,714	$ -	$ 428,183	$ 57,185	$ 876,082
MAD! conference payable	156,806	-	-	-	156,806
Overseas field offices	-	-	-	78,985	78,985
Royalties	-	-	9,962	-	9,962
Total other accrued liabilities	$ 547,520	$ -	$ 438,145	$ 136,170	$ 1,121,835

Note 15. Other Liabilities

Other liabilities consist of the following as of December 31:

	2023				
	OGMP	JWM	LCM	10.86	Total
Deferred revenue	$ -	$ -	$ 1,350,654	$ -	$ 1,350,654
Segregated reserves:					
Conditional gifts	-	-	20,712	-	20,712
Total	$ -	$ -	$ 1,371,366	$ -	$ 1,371,366

	2022				
	OGMP	JWM	LCM	WCM	Total
Deferred revenue	$ 178,649	$ -	$ 71,450	$ -	$ 250,099
Segregated reserves:	-				
Conditional gifts	-	-	23,211	-	23,211
Total	$ 178,649	$ -	$ 94,661	$ -	$ 273,310

Note 16. OBS Credit Risk

The Organization records a liability for off-balance sheet (OBS) credit losses through a charge to the provision for losses on OBS credit exposures on the Organization’s consolidated statement of activities and changes in net asset and consolidated statement of financial position. At December 31, 2023, the liability for off-balance-sheet credit losses totaled $54,442. For the year ended December 31, 2023, provision for losses on OBS credit exposures of $54,442 was recorded.

Note 17. Net Assets With Donor Restrictions

Net asset balances with donor restrictions consist of the following at December 31:

	2023				
	OGMP	JWM	LCM	WCM	Total
Net assets with donor restrictions:					
Subject to expenditure for specified purpose:					
Mission	$ 3,220,452	$ 6,400,897	$ 1,860,761	$ 11,146,765	$ 22,628,875
Subject to passage of time:					
Split-interest agreements	492,158	12,834	233,151	909,734	1,647,877
Subject to the Organization's spending policy and appropriation:					
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:	2,154,611	144,862	18,104,255	20,971,226	41,374,954
Accumulated investment gains	8,434,897	657,576	73,543,301	93,341,734	175,977,508
Beneficial interest in trusts held by others	241,241	741,236	4,254,424	10,389,653	15,626,554
	10,830,749	1,543,674	95,901,980	124,702,613	232,979,016
Total net assets with donor restrictions	$ 14,543,359	$ 7,957,405	$ 97,995,892	$ 136,759,112	$ 257,255,768

	2022				
	OGMP	JWM	LCM	WCM	Total
Net assets with donor restrictions:					
Subject to expenditure for specified purpose:					
Mission	$ 2,977,861	$ 6,143,668	$ 360,319	$ 9,834,680	$ 19,316,528
Subject to passage of time:					
Split-interest agreements	458,855	16,984	272,231	869,007	1,617,077
Subject to the Organization's spending policy and appropriation:					
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:	2,154,611	59,359	18,021,062	20,719,486	40,954,518
Accumulated investment gains	7,335,195	525,534	68,260,466	86,569,052	162,690,247
Beneficial interest in trusts held by others	-	689,524	3,892,910	9,599,929	14,182,363
	9,489,806	1,274,417	90,174,438	116,888,467	217,827,128
Total net assets with donor restrictions	$ 12,926,522	$ 7,435,069	$ 90,806,988	$ 127,592,154	$ 238,760,733

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time for other events by the donors totaling $5,947,010 and $4,885,688 for the years ended December 31, 2023 and 2022, respectively.

Included in net assets with donor restrictions are the beneficial interest in trusts held by others. These funds are held in perpetuity by outside trustees. The Organization has no control of the assets or the investment of assets. The Organization is named as the irrevocable beneficiary and has recorded the beneficial interest of funds held by others at the Organization's proportionate interest in the estimated fair value of the assets, or at the present value of the future cash flows when an irrevocable trust is established or the Organization is notified of its existence. The fair value of the beneficial interest of funds held in trust at December 31, 2023 and 2022, was $15,626,554 and $14,182,363, respectively.

Note 18. Endowment Funds

The Organization's endowments consist of approximately 800 donor-restricted endowment funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 18. Endowment Funds (Continued)

Wider Church Ministries is subject to the Massachusetts' version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and all other ministries are subject to the Ohio version. UPMIFA requires classification of amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature exist at December 31, 2023, in two donor-restricted endowment funds, which have an original gift value of $117,211, a current fair market value of $107,738, and a deficiency of $9,473. Deficiencies of this nature exist at December 31, 2022, in two donor-restricted endowment fund, which has an original gift value of $117,211, a current fair value of $99,694, and a deficiency of $17,517. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The Board of Directors of the Organization has appropriated for expenditure 4.75% of the moving five-year average value of the endowment, as determined in the last quarter of the current fiscal year.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to grow in excess of the spending rate in a conservative manner.

Note 18. Endowment Funds (Continued)

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Organization has adopted a draw policy of appropriating for distribution each year a draw percentage of the moving five-year average value of unrestricted and restricted-with-operational-intent endowment, as determined in the last quarter of the last completed fiscal year and will be incorporated in the following year's distribution as income available to programs. The percentage, as determined by the Board of Directors, is set at 4.75%, unless deemed prudent by the Board to spend a different amount in order to meet its budgetary commitments. The Organization has adopted an administrative fee policy for appropriating for distribution each year a draw calculated as a percentage of the moving five-year average value of all endowments, as determined in the last quarter of the last completed fiscal year and will be incorporated in the following year's distribution as income available to programs. The percentage, not to exceed 2.5%, and an amount, not-to-exceed the actual administrative costs incurred by the Organization during that year. Administrative costs are defined as those costs included in the "management and general" column of the consolidated statement of functional expenses. In establishing these policies, the Board of Directors considered the long-term expected return on their endowments as well as donor intent. Accordingly, over the long term, the Board expects the current spending policy to allow their endowments to grow at an average of 2.5% to 3.5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 41,374,954	$ 41,374,954
Accumulated investment gains	-	175,977,508	175,977,508
Board-designated endowment	108,681,460	-	108,681,460
Total	$ 108,681,460	$ 217,352,462	$ 326,033,922

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 40,954,518	$ 40,954,518
Accumulated investment gains	-	162,690,247	162,690,247
Board-designated endowment	100,420,008	-	100,420,008
Total	$ 100,420,008	$ 203,644,765	$ 304,064,773

Note 18. Endowment Funds (Continued)

Changes in endowment net assets for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, January 1, 2022	$ 119,699,266	$ 235,136,160	$ 354,835,426
Contributions/transfers in	3,791,819	2,212,933	6,004,752
Income earned on investments	1,468,571	2,272,216	3,740,787
Net realized gains on investments sold	4,228,096	1,103,197	5,331,293
Unrealized depreciation on investments	(21,754,853)	(30,797,103)	(52,551,956)
Endowment assets released from restrictions	-	(1,259,673)	(1,259,673)
Expenditure of board designated endowments	(2,902,070)	-	(2,902,070)
Reclassification	(87,386)	87,386	-
Total return draw	(4,023,435)	(5,110,351)	(9,133,786)
Net change	(19,279,258)	(31,491,395)	(50,770,653)
Endowment assets, December 31, 2022	$ 100,420,008	$ 203,644,765	$ 304,064,773
Contributions/transfers in	$ 837,284	$ 526,834	$ 1,364,118
Income earned on investments	1,701,666	2,694,652	4,396,318
Net realized gains on investments sold	768,276	1,306,346	2,074,622
Unrealized appreciation on investments	10,208,353	18,110,552	- 28,318,905
Endowment assets released from restrictions	-	(2,618,540)	- (2,618,540)
Expenditure of board designated endowments	(329,453)	-	- (329,453)
Reclassification	-	-	-
Endowment draw	(2,876,824)	(2,495,324)	(5,372,148)
Administration fee	(2,047,850)	(3,816,823)	(5,864,673)
Net change	8,261,452	13,707,697	21,969,149
Endowment assets, December 31, 2023	$ 108,681,460	$ 217,352,462	$ 326,033,922

Note 19. Leases

The Organization leases land and buildings to UCC churches under noncancelable operating lease agreements. Under some of the lease agreements, the Organization is required to deposit half of the monthly payment amount into Cornerstone Fund, Inc., which is under the tenant's control and restricted for use of future payments or other tenant requests approved by the fund. Payments received by the Organization are recorded as lease revenue.

Note 19. Leases (Continued)

Future minimum rent to be received under these leases is as follows:

2024	$	37,200
2025		30,000
2026		30,000
2027		30,000
2028		30,000
Total	$	157,200

The Organization has two lease agreements for office space and storage in Cleveland, Ohio and one lease agreement for office space in Washington, DC. The leases have terms ranging from 3 to 15 years. Some leases include one or more options to exercise renewal terms that can extend the lease term from one to five years or more, generally at the Organization's sole discretion. Certain leases contain rights to terminate whereby those termination options are held by either the Organization, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms only when it is reasonably certain that the Organization will exercise that option. The Organization's leases generally do not contain any material restrictive covenants.

The aggregate future lease payments for the three office space leases as of December 31, 2023, were as follows:

2024	$	875,269
2025		776,350
2006		793,842
2027		811,368
2028		829,928
Thereafter		7,449,025
Total lease payments		11,535,782
Less imputed interest		(2,122,464)
Present value of lease liabilities	$	9,413,318

Lease payments totaled $705,727 and $158,681 during the years ended December 31, 2023 and 2022, respectively. Lease expense totaled $939,447 and $491,530 during the years ended December 31, 2023 and 2022, respectively.

The remaining weighted average lease term and discount rate for the three office space leases was as follows at December 31:

	2023	2022
Remaining lease term—operating leases	12.9 years	13.9 years
Discount rate—operating leases	2.90%	2.90%

Note 19. Leases (Continued)

Supplemental statement of financial position information related to leases is as follows:

	December 31, 2023	December 31, 2022
Operating lease right-of-use assets	$ 8,847,932	$ 9,506,663
Current portion of operating lease liabilities	554,295	425,158
Long-term operating lease liabilities	8,859,023	9,413,319
Total operating lease liabilities	$ 9,413,318	$ 9,838,477

Note 20. Liquidity and Availability

The following reflects the Organization's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 8,531,727	$ 9,406,977
Investments	360,102,393	335,966,763
Receivables:		
Church building loans, net	44,738,737	40,775,987
Support, net	2,507,384	2,358,376
Other, net	5,275,798	5,255,983
Total financial assets	421,156,039	393,764,086
Less amounts not available to be used within one year:		
Funds held for others	(2,686,170)	(2,476,446)
Church building loan receivables due after one year, net	(45,402,399)	(40,454,056)
Other receivables due after one year, net	(301,154)	(201,436)
Split interest agreements	(1,647,877)	(1,617,077)
Donor restricted by time due after one year or purpose	(21,367,291)	(18,280,532)
Donor restricted in perpetuity	(41,374,954)	(40,954,518)
Accumulated investment gains on endowment	(175,977,508)	(162,690,247)
Expected draw within one year	13,341,339	12,672,249
Board-designated funds	(108,681,460)	(100,420,008)
Financial assets not available to be used within one year	(384,097,474)	(354,422,071)
Financial assets available to meet general expenditures within one year	$ 37,058,565	$ 39,342,015

The Organization's endowment fund consists of donor restricted gift amounts and amounts required to be maintained in perpetuity by the donor and accumulated gains. As described in Note 17, the Organization has a policy of appropriating for distribution each year 4.75% of the moving five-year average value of the endowment.

Note 20. Liquidity and Availability (Continued)

Included in net assets without donor restrictions is board designated funds, and at the discretion of the board, can be drawn upon for short-term operating purposes.

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

Note 21. Guarantee

During the years ended December 31, 2023 and 2022, CB&LF has an outstanding loan of $2,100,000 to Molo Village CDC Company, as part of a new market tax credit project. In conjunction with the loan, CB&LF agreed to be one of three guarantors of $6,860,000 of QLICI loans, which will be used to pay project redevelopment costs for the project in Louisville, Kentucky. CB&LF can be required to perform on the obligation in addition to any federal tax liability, interest and penalties in the event of nonpayment of the loan by Molo Village CDC Company.

Supplementary Information

The United Church of Christ Board and Certain Affiliated Entities

Details of Consolidated Statement of Financial Position
December 31, 2023

	Office of General Minister and President	Justice and Witness Ministries	Local Church Ministries and Wholly Controlled Subsidiaries: Local Church Ministries	Local Church Ministries and Wholly Controlled Subsidiaries: Local Church Ministries Church Building and Loan Fund	Wider Church Ministries	Total
Assets						
Cash and cash equivalents	$ (10,773,395)	$ (200,706)	$ 2,674,923	$ 4,741,906	$ 12,088,999	$ 8,531,727
Investments	27,838,189	27,061,880	145,309,326	12,123,143	147,769,855	360,102,393
Receivables:						
Church building loans	-	-	-	46,487,646	-	46,487,646
Allowance for credit losses	-	-	-	(1,748,909)	-	(1,748,909)
Support, net	2,507,384	-	-	-	-	2,507,384
Property sale, net	-	-	-	-	3,326,368	3,326,368
Other, net	847,239	34,084	326,333	1,017,709	3,050,433	5,275,798
Inventory, prepaid expenses and other assets	592,600	2,336	169,362	74,597	16,133	855,028
Right of use assets	8,197,397	109,811	-	540,724	-	8,847,932
Beneficial interest in trusts held by others	241,241	741,236	4,254,424	-	10,389,653	15,626,554
Property and equipment, net	2,135,648	-	224,110	4,141,626	-	6,501,384
Total assets	$ 31,586,303	$ 27,748,641	$ 152,958,478	$ 67,378,442	$ 176,641,441	$ 456,313,305
Liabilities and Net Assets						
Accounts payable	$ 467,889	$ -	$ -	$ 7,704	$ -	$ 475,593
Allowance for off-balance-sheet credit exposures	-	-	-	54,442	-	54,442
Other accrued liabilities	643,935	53,160	75,371	421,390	57,180	1,251,036
Accrued pension and other postretirement benefits	-	-	-	-	1,360,155	1,360,155
Funds held for others	14,278	18,327	-	-	2,653,565	2,686,170
Loan payable	-	-	-	500,000	-	500,000
Lease liabilities	8,725,402	114,218	-	573,698	-	9,413,318
Other liabilities	-	-	20,712	1,350,654	-	1,371,366
Total liabilities	9,851,504	185,705	96,083	2,907,888	4,070,900	17,112,080
Net assets:						
Without donor restrictions	7,191,440	19,605,531	54,866,503	64,470,554	35,811,429	181,945,457
With donor restrictions	14,543,359	7,957,405	97,995,892	-	136,759,112	257,255,768
Total net assets	21,734,799	27,562,936	152,862,395	64,470,554	172,570,541	439,201,225
Total liabilities and net assets	$ 31,586,303	$ 27,748,641	$ 152,958,478	$ 67,378,442	$ 176,641,441	$ 456,313,305

The United Church of Christ Board and Certain Affiliated Entities

Details of Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	OFFICE OF GENERAL MINISTER AND PRESIDENT			JUSTICE AND WITNESS MINISTRIES			Local Church Ministries and Wholly Controlled Subsidiaries: LOCAL CHURCH MINISTRIES			Local Church Ministries and Wholly Controlled Subsidiaries	WIDER CHURCH MINISTRIES			INTERMINISTRY ELIMINATIONS	TOTAL		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	LCM Church Building & Loan Fund	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support:																	
Our Church's Wider Mission (1):																	
Basic support	$ 1,287,333	$ -	$ 1,287,333	$ 1,854,523	$ -	$ 1,854,523	$ 300,000	$ -	$ 300,000	$ -	$ 700,000	$ -	$ 700,000	$ -	$ 4,141,856	$ -	$ 4,141,856
Special support	22,157	1,202,346	1,224,503	-	541,038	541,038	-	199,414	199,414	-	-	3,155,092	3,155,092	(2,262,609)	22,157	2,835,281	2,857,438
Gifts, donations and trust income	151,814	-	151,814	156,993	66,532	223,525	321,072	-	321,072	152,617	609,892	-	609,892	-	1,392,388	66,532	1,458,920
Other revenues:																	
Publications and other resource sales	408,598	-	408,598	54,736	-	54,736	321,457	-	321,457	-	11,645		11,645	-	796,436	-	796,436
Total return draw	546,651	-	546,651	1,132,459	-	1,132,459	4,504,079	-	4,504,079	-	5,101,650	-	5,101,650	-	11,284,839	-	11,284,839
Restricted funds draw	-	-	-	69,037	-	69,037	813,114	-	813,114		277,675	105,162	382,837	-	1,159,826	105,162	1,264,988
Management fees and other reimbursements	1,361,141	-	1,361,141	-	-	-	29,470	-	29,470	-	654,771	-	654,771	-	2,045,382	-	2,045,382
Church loan interest	-	-	-	-	-	-	89	-	89	1,865,849	-	-	-	-	1,865,938	-	1,865,938
Other	12,291	-	12,291	-	-	-	709	-	709	199,726	-	-	-	-	212,726	-	212,726
Net assets released from restrictions	1,337,398	-	1,337,398	459,431	-	459,431	574,145	-	574,145	-	5,838,645	-	5,838,645	(2,262,609)	5,947,010	-	5,947,010
Net assets released from restrictions—with donor restrictions	-	(1,337,398)	(1,337,398)	-	(459,431)	(459,431)	-	(574,145)	(574,145)	-		(5,838,645)	(5,838,645)	2,262,609	-	(5,947,010)	(5,947,010)
Total operating revenues and support	5,127,383	(135,052)	4,992,331	3,727,179	148,139	3,875,318	6,864,135	(374,731)	6,489,404	2,218,192	13,194,278	(2,578,391)	10,615,887	(2,262,609)	28,868,558	(2,940,035)	25,928,523
Operating expenses:																	
Program services	(2,054,784)	-	(2,054,784)	5,203,204	-	5,203,204	6,913,041	-	6,913,041	3,265,844	12,296,099	-	12,296,099	(2,262,609)	23,360,795	-	23,360,795
Management and general	7,352,158	-	7,352,158	-	-	-	-	-	-	-	48,992	-	48,992	-	7,401,150	-	7,401,150
Fundraising	1,206,080	-	1,206,080	-	-	-	-	-	-	-	-	-	-	-	1,206,080	-	1,206,080
Total operating expenses	6,503,454	-	6,503,454	5,203,204	-	5,203,204	6,913,041	-	6,913,041	3,265,844	12,345,091	-	12,345,091	(2,262,609)	31,968,025	-	31,968,025
Increase (decrease) from operating activity	(1,376,071)	(135,052)	(1,511,123)	(1,476,025)	148,139	(1,327,886)	(48,906)	(374,731)	(423,637)	(1,047,652)	849,187	(2,578,391)	(1,729,204)	-	(3,099,467)	(2,940,035)	(6,039,502)
Nonoperating revenues and (expenses):																	
Gifts and donations	18,841	141,086	159,927	63,630	316,197	379,827	(23,839)	105,698	81,859	-	213,682	3,332,543	3,546,225	-	272,314	3,895,524	4,167,838
Interest and dividends, net of total return draw and restricted funds draw	341,907	184,121	526,028	(522,059)	(70,640)	(592,699)	(1,071,592)	(2,192,147)	(3,263,739)	333,279	(989,510)	(2,627,118)	(3,616,628)	-	(1,907,975)	(4,705,784)	(6,613,759)
Appreciation in value of investments	1,401,969	1,148,898	2,550,867	3,125,231	81,070	3,206,301	4,083,952	7,977,459	12,061,411	1,003,395	2,554,388	10,209,474	12,763,862	-	12,168,935	19,416,901	31,585,836
Change in value of beneficial interest in trusts held by others	-	241,241	241,241	-	51,720	51,720	-	361,514	361,514	-	-	789,724	789,724	-	-	1,444,199	1,444,199
Change in value of split interest agreements	-	36,543	36,543	-	(4,150)	(4,150)	-	1,311,111	1,311,111	-	-	40,726	40,726	-	-	1,384,230	1,384,230
Total nonoperating revenues and (expenses)	1,762,717	1,751,889	3,514,606	2,666,802	374,197	3,040,999	2,988,521	7,563,635	10,552,156	1,336,674	1,778,560	11,745,349	13,523,909	-	10,533,274	21,435,070	31,968,344
Increase in net assets before the effect of postretirement cost	386,646	1,616,837	2,003,483	1,190,777	522,336	1,713,113	2,939,615	7,188,904	10,128,519	289,022	2,627,747	9,166,958	11,794,705	-	7,433,807	18,495,035	25,928,842
Postretirement related changes other then net periodic postretirement cost	-	-	-	-	-	-	-	-	-	-	13,147	-	13,147	-	13,147	-	13,147
Increase in net assets	386,646	1,616,837	2,003,483	1,190,777	522,336	1,713,113	2,939,615	7,188,904	10,128,519	289,022	2,640,894	9,166,958	11,807,852	-	7,446,954	18,495,035	25,941,989
Net assets—beginning of year	6,804,794	12,926,522	19,731,316	18,414,754	7,435,069	25,849,823	51,926,888	90,806,988	142,733,876	64,181,532	33,170,535	127,592,154	160,762,689	-	174,498,503	238,760,733	413,259,236
Net assets—end of year	$ 7,191,440	$ 14,543,359	$ 21,734,799	$ 19,605,531	$ 7,957,405	$ 27,562,936	$ 54,866,503	$ 97,995,892	$ 152,862,395	$ 64,470,554	$ 35,811,429	$ 136,759,112	$ 172,570,541	$ -	$ 181,945,457	$ 257,255,768	$ 439,201,225

(1) Note: The Pension Boards receives 5.55% of Our Church's Wider Mission.